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• Amendments to SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.
FORTHCOMING PROGRAMMES

- 10th National Conference of Practicing Company Secretaries
10th NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

Hosted by Pune Chapter of The ICSI

Dates: July 31 & August 01, 2009 (Friday & Saturday)

Timings: July 31, 2009 – 9:00 am to 6:30 pm
         August 01, 2009 – 9:00 am to 4:00 pm

Venue: Yashwantrao Chavan Academy of Development Administration
       (YASHADA), Raj Bhavan Complex, Baner Road, Pune - 411 007

THEME: Profession of Company Secretaries – Surging Ahead

SUB THEMES:
• Corporate Boards and PCS
• Value Based Practice
• Capacity Building for Emerging Regulatory Prescriptions
• Profession-Professional-Professionalism

Speakers: Eminent faculty with comprehensive exposure to the practical aspects of the topics will address and interact with the participants.

Participants: Company Secretaries in Practice, Members who are intending to take up practice and other Professionals in Secretarial, Legal and Management disciplines would benefit by participating in the Conference.

Delegate Fees (Non-Residential)

<table>
<thead>
<tr>
<th>Category</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practising Company Secretaries</td>
<td>Rs.2500/-</td>
</tr>
<tr>
<td>Members of ICSI/ICAI/ICWAI</td>
<td>Rs.2750/-</td>
</tr>
<tr>
<td>Non-members</td>
<td>Rs.3000/-</td>
</tr>
<tr>
<td>Students of ICSI</td>
<td>Rs. 2000/-</td>
</tr>
<tr>
<td>Licentiates, ICSI</td>
<td>Rs. 2000/-</td>
</tr>
<tr>
<td>Accompanying Spouse</td>
<td>Rs. 2000/-</td>
</tr>
</tbody>
</table>

[Registration fee will cover the cost of background material, lunch, tea (both days) and dinner (Friday, July 31, 2009) excluding hotel accommodation]

Accommodation on ‘first come first served’ basis is being arranged at select Hotel(s) for outstation delegates.

Arrangements have been made for visit of Delegates to Shirdi Devasthanam.
Hotel Tariff

Hotel Tariffs for outstation delegates requiring accommodation is as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Hotel Nandanvan Annexe 1210/A, Apte Road, Shirole Road, Shivajinagar, Pune 411004</th>
<th>Hotel Om Sai Palace 1202/34, Apte Road, Shirole Road, Shivajinagar, Pune 411004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check-in/out</td>
<td>9.00 a.m.</td>
<td>9.00 a.m.</td>
</tr>
<tr>
<td>Room Rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deluxe AC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>Double</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Semi Deluxe AC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1,650</td>
<td>1,600</td>
</tr>
<tr>
<td>Double</td>
<td>1,850</td>
<td>1,800</td>
</tr>
<tr>
<td>Distance from Conference Venue (approx)</td>
<td>6 kms</td>
<td>6 kms</td>
</tr>
<tr>
<td>Distance from Pune Railway Station (approx)</td>
<td>5 kms</td>
<td>5 kms</td>
</tr>
<tr>
<td>Distance from Pune Airport (approx)</td>
<td>12 kms</td>
<td>12 kms</td>
</tr>
</tbody>
</table>

Important:

1. Delegates with chauffer driven Cars will have to pay extra charges of Rs.1,200 for food arrangements of Driver during the conference. These charges have to be paid immediately on arrival.

2. Limited rooms are available on ‘First Come First Served’ Basis.

3. The arrangement for Residential Accommodation has been made for One Night stay—
   a. Check in – 9.00 AM onwards on July 31, 2009
   b. Check out – on or before 9.00 AM on August 1, 2009

4. Delegates wish to avail Residential accommodation need to send their Registration along with full delegate fees and full cost of accommodation on or before July 15, 2009.
5. Any extra stay will be charged separately by Hotel directly subject to availability of rooms.
6. Any extra facilities availed by the delegate during the stay has to be paid directly to the Hotel.
7. Pick-up and drop facility from Hotel to Conference Venue and back will be made available from both the hotels.

Registration

The delegate registration fee is payable in advance and is not refundable for accepted nominations. The registration form duly completed along with a crossed demand draft may be sent in favour of “The Institute of Company Secretaries of India” payable at New Delhi/Mumbai/Pune at the following addresses:

<table>
<thead>
<tr>
<th>S N Mishra</th>
<th>Sudipto Pal</th>
<th>Anil R Tale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Director</td>
<td>Joint Director</td>
<td>Executive Officer</td>
</tr>
<tr>
<td>The Institute of Company Secretaries of India</td>
<td>WIRC of The ICSI</td>
<td>Pune Chapter of The ICSI</td>
</tr>
<tr>
<td>‘ICSI HOUSE’, 22, Institutional Area, Lodi Road, New Delhi – 110 003</td>
<td>13, Jolly Maker Chambers No. 2 (First Floor), Nariman Point, Mumbai – 400 021</td>
<td>23, Mukund Nagar, Corner of Lane No. 1, Above Dr. Joshi Hospital, Pune – 411 037</td>
</tr>
<tr>
<td>Tel: 011-24617321-24 Extn. 1413</td>
<td>Tel: 022-22021826 / 22844073 / 22047569</td>
<td>Tel: 020-24263228 / 24260341</td>
</tr>
<tr>
<td><a href="mailto:surya@icsi.edu">surya@icsi.edu</a></td>
<td><a href="mailto:wiro@icsi.edu">wiro@icsi.edu</a></td>
<td><a href="mailto:pune@icsi.edu">pune@icsi.edu</a></td>
</tr>
</tbody>
</table>

Backgrounder-Cum-Souvenir

It is proposed to bring out a Backgrounder-cum-Souvenir containing theme articles and other relevant information. Members who wish to contribute papers for publication in the backgrounder or for circulation at the Conference are requested to send the same through email to Shri Saurabh Jain, Education Officer, The Institute of Company Secretaries of India, ICSI HOUSE, 22, Institutional Area, Lodi Road, New Delhi – 110 003 at saurabh@icsi.edu with one hard copy or those sending only hard copy may send the same in duplicate to the Institute on or before July 15, 2009. The paper should not normally exceed 15 typed pages. The decision of the Institute shall be final in all respects.
The Backgrounder-cum-Souvenir would be widely circulated to professionals, corporate and regulatory authorities. Advertisement released in the Backgrounder-cum-Souvenir would receive wide publicity for Products, Services and Corporate Announcements. Members/Organisations are requested to release advertisements.

The Advertisement material along with cheque/demand draft may be sent to The Institute of Company Secretaries of India, ICSI HOUSE, 22, Institutional Area, Lodi Road, New Delhi – 110 003 or The WIRC of The ICSI, 13, Jolly Maker Chambers No. 2 (First Floor), Nariman Point, Mumbai – 400 021 or The Pune Chapter of The ICSI, 23, Mukund Nagar, Corner of Lane No. 1, Above Dr. Joshi Hospital, Pune – 411 037.

### Advertisement Tariff

<table>
<thead>
<tr>
<th>Colour Advertisement</th>
<th>Black &amp; White Advertisement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate</strong></td>
<td><strong>Size (cms)</strong></td>
</tr>
<tr>
<td>Back Cover</td>
<td>Rs. 25000</td>
</tr>
<tr>
<td>Inside Cover (Front/Back)</td>
<td>Rs. 20000</td>
</tr>
<tr>
<td>Special Page</td>
<td>Rs. 15000</td>
</tr>
</tbody>
</table>

### Banners

The Institute welcomes Companies and organizations to display their Banners at the venue of the Conference, which will provide wider publicity for their products / services. The tariff for display of banners is as under:

- Banner near stage : Rs. 20000 (limited to only two banners)
- Banner (L) 10’ x (B) 4’ : Rs. 10000
- Banner (L) 6’ x (B) 3’ : Rs. 5000

### Stalls

Stalls for display of products : Rs. 15000 per stall max. size 6’ x 6’

### Sponsorship for Lunch / Dinner

- **Lunch per day** : Rs. 1,00,000*
- **Dinner for one day** : Rs. 1,50,000*
- **Tea / Coffee** : Rs. 25,000 per session

- Co-sponsors may be considered
- Organizations providing Advertisement / sponsorships of Rs. 50,000 and more will be displayed on the Conference Backdrop.

**Sponsorship of Conference Kit:** Rs. 2,00,000
Visit to Shirdi Devasthan

The arrangements have been made with local tour operators to provide to delegates facility to visit Shirdi, a Devasthan of Shri Saibaba, on payment basis.

Schedule for Shirdi visit:

August 1, 2009 – Proceed to Shirdi in the evening at around 5.00 p.m. – stay at Shirdi (Darshan, if possible)
August 2, 2009 – Darshan in the morning - Breakfast / Lunch and back to Pune.

Package details:

1. 4 delegates in one AC Indica or 10 delegates in AC Tempo Traveller
2. Per Adult on twin sharing basis: Rs. 2,800

The above cost includes:

a. Pune-Shirdi-Pune by AC vehicle mentioned above-Total 2 Days including toll, taxes, parking ,driver allowance
b. Stay at Hotel Sai Leela: AC room on twin sharing basis. www.hotelsaileela.com
c. Dinner on Day 1, Breakfast and Lunch on Day 2 (Vegetarian only)
d. Company Service Charges and taxes

Interested delegates are requested to confirm their participation by July 15, 2009 and send the package cost of Rs. 2,800 with the Registration fee.

Note:

a. Single Occupancy room Rs. 900/- per pax extra
b. Reduction in number of pax in Indica Rs. 300/- per pax extra. Rs. 180/- per pax extra for Tempo Traveller.
Tourist Attractions in and around Pune

Shaniwar Wada: Shaniwarwada is a palace fort in the city of Pune in western Maharashtra, India. It covers six and a quarter acres in central Pune. It was constructed in 1732 as the seat of the Peshwa (prime ministers of the Maratha Empire), and remained the political capital of the Empire until its annihilation. The fort itself was largely destroyed in 1828 by an unexplained fire, but has the surviving structures now maintained as a tourist and archaeological site.

University of Pune: The official residence of the Governor of Bombay presidency is now being used as Pune University Campus. The building is noted for its 30 metre high square tower and beautifully laid lawns. It has several important research centers like National Chemical Laboratories, Gokhale Institute of Politics and Economics, National Institute of Virology.

Aga Khan Palace: The place was built in 1908 by Imam Sultani Muhammad Shah Aga Khan III. During the 1930 Quit India movement Mahatma Gandhi and his wife Kasturba Gandhi were interned here. A memorial was erected here in the memory of Kasturba Gandhi who died here.

Sinhagad: Sinhagad stands 25 km from Pune. It was previously known as the Kondhana Fort. The main attraction is climbing the fort on foot. The tower of Doordarshan - Mumbai is also there on Sinhagad.

Shopping Centres

1. **Lakshmi Road:** It is the main shopping area of Pune. It provides for various shops which give a wide range of traditional Indian sarees like Nauvari, Paithani etc.
2. **Tulsi Baug:** It is lined with temporary stalls and is nice place to shop for traditional Maharashtrian wares.
3. **M.G. Road:** This road is famous among shoppers as it provides for a lot of shops which offer a variety of clothes. On weekdays the road is closed to traffic and shoppers are allowed to take full advantage of the Walking Plaza.
City is famous for

a. **Sweets**: Pune is also famous for their different varieties of typical Maharashtrian sweets and is dotted by various famous sweets shops like Chitale Sweets, Kaka Halwai, Kayani Bakery & Budhani.

b. **Cultural Activities**: Pune city is also the cultural capital of Maharashtra and various festivals are organised like Sawai Gandharwa and Pune Festival. These festivals witnesses excellent performances by veterans like Pandit Jasraj, Bhimsen Joshi etc. It has witness dancing, singing and acting performances.
REGISTRATION FORM

10TH NATIONAL CONFERENCE FOR PRACTISING COMPANY SECRETARIES

Dear Sir,

Please register the following person as delegate for attending 10th National Conference for Practising Company Secretaries to be held on 31st July and 1st August 2009 at Pune.

Name of the Delegate: Mr. / Ms._____________________________________________

Designation:_________________________________________________________________

Name of the Organization _______________________________________________________

Address: ______________________________________________________________________

_____________________________________________________________________________

Membership No: FCS______________ ACS______________

CP ________ Licentiate Membership No. _______________

Student Registration No. ______________________

Contact Details:
Tel. Nos: (Off.): ________________ (Res.) : _______________ (Fax): ________________
E-mail:_________________________________________ Cell:__________________________

FOR RESIDENTIAL DELEGATES:

Date and time of arrival:___________________________________________

Date and time of departure:___________________________________________

Amount of Rs__________________________ is enclosed towards 1 Night residential accommodation on Double sharing basis.

DRIVER CHARGES Rs. _______________________

TOTAL AMOUNT Rs. _______________________

Yours faithfully,

(Sponsoring Authority/Delegate)

Date:
Place:

BACK
MCA Updates

- Taxation Of Limited Liability Partnership
TAXATION OF LIMITED LIABILITY PARTNERSHIP

LLP is a new corporate form that enables professional expertise and entrepreneurial initiative to combine, organize and operate in an innovative and efficient manner. In India, this need has long been recognised for businesses which may require a framework that provides flexibility suited to requirements of service, knowledge and technology based enterprises. Services sector is playing a major role in the national economy and there is a growing diversity in the range of services being offered. The services sector also finds this form very useful.

2. Government had introduced the Limited Liability Partnership Bill, 2006 in the Rajya Sabha on 15th December, 2006. It was later referred to the Department Related Parliamentary Standing Committee on Finance for examination and report. The Committee submitted its recommendations in its report to both Houses of Parliament on 27th November, 2007. Keeping in view the recommendations made by the Standing Committee and other relevant inputs, the Government had finalized the LLP Bill, 2008. Based on such report the Ministry of Corporate Affairs revised the LLP Bill and the revised LLP Bill, 2008 was introduced in the Rajya Sabha on 21st October, 2008. This was passed by the Rajya Sabha on 24th October, 2008. The Bill was passed by Lok Sabha on 12th December, 2008. The President gave assent to this Bill on 7th January, 2009.

3. The rules in respect of registration and operational aspects under the LLP Act, 2008 viz. LLP Rules, 2009, were issued on 1st April, 2009. The rules in respect of conversion of a partnership firm, a private company and an unlisted public company into LLPs were made effective w.e.f. 31st May, 2009. The Government has also launched a website namely, www.llp.gov.in on 1st April, 2009 for operationalization of various processes provided under the LLP Rules, 2009. The rules under LLP Act, 2008 in respect of winding up and dissolution of LLPs are also under preparation and would be prescribed shortly.

TAXATION OF LLP

4. Since the taxation related matters in India are provided under Tax Laws, the taxation of LLPs was not provided in the LLP Act. The Finance Bill, 2009 has made provisions in this regard, pursuant to which the taxation scheme of LLPs has been proposed to be introduced in the Income Tax Act. It has been proposed to tax LLPs
on the lines similar to general partnerships under Indian Partnership Act, 1932, i.e. taxation in the hands of the entity and exemption from tax in the hands of its partners.

The Finance Bill, 2009 has accorded a “limited liability partnership” and a general partnership the same tax treatment. Consequent changes in the Income-tax Act, 1961 like (i) the word ‘partner’ to include within its meaning a partner of a limited liability partnership, (ii) the word ‘firm’ to include within its meaning a limited liability partnership and (iii) the word ‘partnership’ to include within its meaning a limited liability partnership as these terms have been defined in the Limited Liability Partnership Act, 2008 have also been proposed in the Finance Bill, 2009.

5. It has also been proposed in the Finance Bill, 2009 that the designated partner shall sign the income tax return of an LLP, or, where, for any unavoidable reason such designated partner is not able to sign the return or where there is no designated partner as such, any partner shall sign the return. The Finance Bill has also proposed that in case of liquidation of an LLP, every partner will be jointly and severally liable for payment of tax unless he proves that non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part.

6. The Bill further provides that as an LLP and a general partnership is being treated as equivalent (except for recovery purposes) in the Income-tax Act, the conversion from a general partnership firm to an LLP will have no tax implications if the rights and obligations of the partners remain the same after conversion and if there is no transfer of any asset or liability after conversion. The Finance Bill, 2009 also provides that if there is a violation of these conditions, the provisions of section 45 of Income-tax Act shall apply. The Finance Bill, 2009 has further proposed to make the amendments effective from the 1st day of April 2010 i.e. assessment year 2010-11.

Ministry of Corporate Affairs, Government of India New Delhi, Asadha 19,1931, July 10, 2009
Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement

Firm commitment requirement for registration as Foreign Venture Capital Investors

Mutual Funds- Empowering investors through transparency in payment of commission and load structure

The Executive Directors/Managing Directors of all Stock Exchanges

Dear Sir/Madam,

Sub: Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement

1. It is observed from the information provided by the depositories that the companies listed in Annexure ‘A’ have established connectivity with both the depositories during the months of February to April 2009.

2. The stock exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the following:

   a) At least 50% of other than promoter holdings as per clause 35 of Listing Agreement are in dematerialized mode before shifting the trading in the securities of the company from TFTS to normal Rolling Settlement. For this purpose, the listed companies shall obtain a certificate from its Registrar and Transfer Agent (RTA) and submit the same to the stock exchange/s. However, if an issuer-company does not have a separate RTA, it may obtain a certificate in this regard from a practicing company Secretary/Chartered Accountant and submit the same to the stock exchange/s.

   b) There are no other grounds/reasons for continuation of the trading in TFTS.

3. The Stock Exchanges are advised to report to SEBI, the action taken in this regard in Section II, item no. 13 of the Monthly/Quarterly Development Report.

Yours faithfully,

HARINI BALAJI

Encl: a/a

Annexure A

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Company</th>
<th>ISIN No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INCA Finlease Limited</td>
<td>INE309H01012</td>
</tr>
<tr>
<td>2</td>
<td>B Nanji Enterprises Limited</td>
<td>INE735G01010</td>
</tr>
<tr>
<td>3</td>
<td>Shree Surgovind Tradelink Limited</td>
<td>INE117K01013</td>
</tr>
<tr>
<td>4</td>
<td>Money Masters Investment Limited</td>
<td>INE945J01019</td>
</tr>
<tr>
<td></td>
<td>Company Name</td>
<td>INE Code</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>5</td>
<td>Adeshwar Cotton Industries Limited</td>
<td>INE066C01019</td>
</tr>
<tr>
<td>6</td>
<td>Tirupati Sarjan Limited</td>
<td>INE297J01015</td>
</tr>
<tr>
<td>7</td>
<td>The Sandur Manganese And Iron Ores Limited</td>
<td>INE149K01016</td>
</tr>
<tr>
<td>8</td>
<td>Lords Chloro Alkali Limited</td>
<td>INE846D01012</td>
</tr>
<tr>
<td>9</td>
<td>Ranjeev Alloys Limited</td>
<td>INE478F01019</td>
</tr>
<tr>
<td>10</td>
<td>Intellivate Capital Ventures Limited</td>
<td>INE512D01010</td>
</tr>
<tr>
<td>11</td>
<td>Vishnu Sugar Mills Limited</td>
<td>INE211K01014</td>
</tr>
<tr>
<td>12</td>
<td>Sterling Strips Limited</td>
<td>INE067E01013</td>
</tr>
<tr>
<td>13</td>
<td>Multiplus Holdings Limited</td>
<td>INE886E01016</td>
</tr>
<tr>
<td>14</td>
<td>Gujarat Automotive Gears Ltd</td>
<td>INE705G01013</td>
</tr>
<tr>
<td>15</td>
<td>Moongipa Capital Finance Ltd</td>
<td>INE153K01018</td>
</tr>
<tr>
<td>16</td>
<td>MARG Projects and Infrastructure Limited</td>
<td>INE942E01017</td>
</tr>
</tbody>
</table>
IMD/DOF-1/FVCI/CIR. No. 1/2009
July 3, 2009

To,

All Applicants Desirous of Registering as Foreign Venture Capital Investors

Dear Sir / Madam,

Sub: Firm commitment requirement for registration as Foreign Venture Capital Investors

1. The SEBI (Venture Capital Funds) Regulations, 1996 (VCF Regulations) lay down conditions for “minimum investment in a venture capital fund” under Regulation 11 of VCF Regulations. The Regulation 11(3) of the VCF Regulations requires firm commitment from investors for contribution of an amount before the start of operations as provided below: “Each scheme launched or fund set up by a venture capital fund shall have firm commitment from the investors for contribution of an amount of at least rupees five crores before the start of operations by the venture capital fund.”

2. However, the SEBI (Foreign Venture Capital Investors) Regulations, 2000, do not stipulate a similar requirement for Foreign Venture Capital Investors (FVCIs). It has been decided to bring in parity between domestic Venture Capital Funds and Foreign Venture Capital Investors by requiring the applicants desirous of registering with SEBI as FVCIs to obtain firm commitment from their investors for contribution of an amount before the start of operations.

3. Therefore, applicants desirous of registering with SEBI as the Foreign Venture Capital Investors, henceforth, shall obtain firm commitment from their investors for contribution of an amount of at least USD 1 million at the time of submission of applications seeking registration as FVCIs.

4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

5. This Circular is available on SEBI website at www.sebi.gov.in, under the category -Circulars”.

Yours faithfully,

-sd-
Maninder Cheema
DEPUTY GENERAL MANAGER INVESTMENT MANAGEMENT
DEPARTMENT

SEBI/IMD/CIR No. 4/ 168230/09                                                  June 30, 2009

All Mutual Funds, Asset Management Companies and Association of Mutual Funds in India (AMFI)

Madam/ Sir,

Sub: Mutual Funds- Empowering investors through transparency in payment of commission and load structure

1 SEBI has been taking various steps to empower the investors in mutual funds by way of more transparency in the loads borne by the investor so that the investor can take informed investment decisions. Towards this end, SEBI had earlier abolished initial issue expenses and mutual fund schemes were allowed to recover expenses connected with sales and distribution through entry load only. Further, investors making direct applications to the mutual funds were exempted from entry load.

2 In terms of existing arrangement, though the investor pays for the services rendered by the mutual fund distributors, distributors are remunerated by Asset Management Companies (AMCs) from loads deducted from the invested amounts or the redemption proceeds. SEBI (Mutual Funds) Regulations, 1996 also permit AMCs to charge the scheme (under the annual recurring expense) for marketing and selling expenses including distributor's commission.

3 Further, all loads including Contingent Deferred Sales Charge (CDSC) for the scheme are maintained in a separate account and this amount is used by the AMCs to pay commissions to the distributors and to take care of other marketing and selling expenses. It has been left to the AMCs to credit any surplus in this account to the scheme, whenever felt appropriate. In order to incentivise long term investors it is considered necessary that exit loads/CDSCs which are beyond reasonable levels are credited to the scheme immediately.

4 In order to empower the investors in deciding the commission paid to distributors in accordance with the level of service received, to bring about more transparency in payment of commissions and to incentivise long term investment, it has been decided that:

a) There shall be no entry load for all mutual fund schemes.

b) The scheme application forms shall carry a suitable disclosure to the effect that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service
rendered by the distributor.

c) Of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Any balance shall be credited to the scheme immediately.

d) The distributors should disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the scheme is being recommended to the investor.

**Applicability**

5. This circular shall be applicable for
   a. Investments in mutual fund schemes (including additional purchases and switch-in to a scheme from other schemes) with effect from August 1, 2009;
   b. Redemptions from mutual fund schemes (including switch-out from other schemes) with effect from August 1, 2009;
   c. New mutual fund schemes launched on and after August 1, 2009; and
   d. Systematic Investment Plans (SIP) registered on or after August 1, 2009.

6. AMCs shall follow the provisions pertaining in clause 5(2)(b) of SEBI Circular SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008 regarding updation of Scheme Information Document (SID) and Key Information Memorandum (KIM) in this respect.
   1. The AMCs shall bring the contents of this circular to the notice of their distributors immediately and monitor compliance.
   2. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Ruchi Chojer
Sanjay Purao  
Deputy General Manager  
Corporation Finance Department  
Division of Issues and Listing  
Phone: +91 22 26449612 (D), Email: sanjayp@sebi.gov.in

SEBI/CFD/DIL/DIP/36/2009/09/07  
July 9, 2009

To All Registered Merchant Bankers / Stock Exchanges

Dear Sir/Madam,

Sub.: Amendments to SEBI (Disclosure and Investor Protection) Guidelines, 2000

1. In exercise of the powers conferred under sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, SEBI has amended the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as “the SEBI (DIP) Guidelines”). The full text of amendments is given in Annexure I.

2. The salient features of the amendments are given in brief as under:

2.1 Compulsory listing of IPO on at least one stock exchange with nationwide trading terminals

(a) At present, in terms of the Companies Act, 1956 and the SEBI (DIP) Guidelines, there is no regulatory stipulation on an unlisted company making an IPO to compulsorily list the securities being issued through the IPO on stock exchanges having nationwide trading terminals.

(b) Listing of securities on stock exchanges having nationwide trading terminals provides an active trading platform to investors, from all across the country, in securities of the company.

(c) In view of the above, it has been decided to amend clause 2.1.4 of the SEBI (DIP) Guidelines to provide that an unlisted company making an IPO shall list the securities being issued through the IPO on at least one stock exchange having nationwide trading terminals.

2.2 Equity shares considered eligible for offer for sale

(a) At present, in terms of the SEBI (DIP) Guidelines, a shareholder can make an offer for sale of the equity shares if such equity shares have been held for
a period of at least one year as on the date of filing the draft offer document with SEBI.

(b) It has been decided to amend clause 4.14.2 of the SEBI (DIP) Guidelines to provide that in case equity shares which are received on conversion of fully paid compulsorily convertible securities, including depository receipts, are being offered for sale, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of the eligibility period.

2.3 Introduction of concept of Anchor Investor in public issues through book building route

(a) It has been decided to amend the SEBI (DIP) Guidelines to introduce a concept of Anchor Investor in public issues through book building. Details of this concept are in the amendments to the SEBI (DIP) Guidelines at Annexure I.

(b) Allocation to Anchor Investor in the public issue shall be subject to the conditions as specified in clause 11.3.5 of the SEBI (DIP) Guidelines and mentioned in Annexure I to this circular.

3. Applicability.

3.1 The amendment made by this circular shall be applicable as under:

a. Amendments to clause 2.1.4 and 4.14.2 of the SEBI (DIP) Guidelines shall be applicable where draft offer documents for public issues are filed with SEBI on or after the date of this circular.

b. Amendment to clause 11.3.5 of the SEBI (DIP) Guidelines shall be applicable to:

(i) all cases where draft red herring prospectuses are filed with SEBI on or after the date of this circular;

(ii) all cases where draft red herring prospectuses have been filed with SEBI but SEBI has not yet issued its observations; and

(iii) all cases where SEBI has issued observations but where the red herring prospectus is yet to be filed with the Registrar of Companies.

4. All registered merchant bankers are advised to ensure compliance with the amendments contained in Annexure I of this circular.

5. This circular and the entire text of the SEBI (DIP) Guidelines, including the amendments contained in Annexure-I of this circular, are available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.

Yours faithfully,
Sanjay Purao

Encl.: As above.

ANNEXURE I

AMENDMENTS TO SEBI (DIP) GUIDELINES, 2000

CHAPTER II

ELIGIBILITY NORMS FOR COMPANIES ISSUING SECURITIES

1. In clause 2.1.4, the following proviso shall be inserted:

Provided that in case of an unlisted company making an Initial Public Offer, the company shall make an application for listing of those securities on at least one stock exchange having nationwide trading terminals.

CHAPTER IV

PROMOTERS’ CONTRIBUTION AND LOCK-IN REQUIREMENTS

PART II - LOCK-IN REQUIREMENTS

2. In clause 4.14.2, in sub-clause (ii), after the second proviso, the following proviso shall be inserted:

Provided further that in case equity shares, received on conversion of fully paid compulsorily convertible securities, including depository receipts, are being offered for sale, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of the eligibility period.

CHAPTER XI

GUIDELINES ON BOOK BUILDING

2. In clause 11.3.5 after sub-clause (iia), the following sub clause (iib) shall be inserted:

(iib) Out of the portion available for allocation to Qualified Institutional Buyers under sub-clause (i) or (ii) or any proviso thereof, as the case may be, upto 30% may be allocated to Anchor Investors subject to the following:
   a) Anchor Investors shall necessarily be Qualified Institutional Buyers as defined in these guidelines.
   b) The minimum application size by an Anchor Investor shall be Rs.10 crores.
   c) One-third of the Anchor Investor portion shall be reserved for domestic mutual funds.
   d) The bidding for Anchor Investors shall open one day before the
issue opens and shall be completed on the same day.
e) Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of 2 investors for allocation of upto Rs.250 crores and 5 investors for allocation of more than Rs.250 crores.
f) The number of shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the merchant banker before opening of the issue.
g) Anchor Investors shall pay a margin of at least 25% on application with the balance to be paid within two days of the date of closure of the issue.
h) If the price fixed for the public issue through book building process is higher than the price at which the allocation is made to Anchor Investors, the additional amount shall be paid by the Anchor Investors. However, if the price fixed for public issue is lower than the price at which the allocation is made to Anchor Investors, difference shall not be payable to the Anchor Investors.
i) There shall be a lock-in of 30 days on the shares allotted to the Anchor Investors from the date of allotment in the public issue.
j) No person related to the book running lead managers/promoters/promoter group in the concerned public issue or the book running lead managers to the concerned public issue can apply under Anchor Investor category.
k) The parameters for selection of Anchor Investors shall be clearly identified by the merchant banker and shall be available as part of records of the merchant banker for inspection by SEBI.
l) The applications made by Qualified Institutional Buyers under Anchor Investor category and under Non Anchor Investor category may not be considered as multiple applications.